

ORTING SCHOOL DISTRICT No. 344
Pierce County, Washington
September 1, 1990 Through August 31, 1992

Schedule Of Findings

1. The District Should Adhere To Federal Regulations Regarding Competitive Foods Served During Meal Periods

The district is subject to federal regulations under the National School Lunch Program (CFDA 10.555) which prohibits the sale of competitive foods in food service areas during meal periods. We observed one soft drink machine operating during the lunch period at the high school.

Superintendent of Public Instruction (SPI) Bulletin No. 15-91 states, in part:

. . . Competitive foods means any foods sold in competition with the program to children in food service areas during the lunch period . . . The food service area is defined as any area on school premises in which . . . meals are either served or eaten . . . USDA considers competitive foods to be those of minimal nutritional value. These items include: soda water or carbonated beverages, . . . and certain candies . . .

School district personnel were not aware of the restrictions on selling competitive foods. SPI has stated that failure to adhere to these regulations may result in the withholding of reimbursement until such time as the violation is corrected.

We recommend the district comply with the National School Lunch Program regulations regarding the selling of competitive foods.

2. Internal Control Over Associated Student Body Funds Needs Improvement

Our audit of Associated Student Body (ASB) procedures at the high school and middle school revealed several areas where internal control could be improved.

- a. Both schools continue to have negative account balances in their ASB accounts. During the audit period, we noted 340 instances where account balances were negative at month end.
- b. The ASB bookkeeper at the middle school does not keep an account ledger card for any ASB account. This should be one of the main duties of the bookkeeper.

WAC 392-138-050 states, in part:

(5) When a fund balance account of an ASB organization does not contain a sufficient balance to meet a proposed disbursement, such disbursement shall be limited to the account balance: Provided, That a transfer of fund balance between ASB organizations may be made pursuant to the ASB bylaws and as approved by the ASB governing body.

The *Accounting Manual for School Districts in the State of Washington*, Chapter 7, page 36 states, in part:

Activity Account Balance Record (Form 4) - A separate record will be kept for each student activity group and all receipts and disbursements of the group will be posted here.

These practices were due to a lack of understanding of the School Accounting Manual and state law. The above weaknesses have allowed expenditures to be made when money was not available in those accounts. In addition, the lack of account ledger cards at the school level increases the risk that public funds are not been accounted for properly.

We recommend:

- a. Expenditures be limited to the amount of cash available to avoid negative account balances.
- b. All ASB activity be properly recorded on account ledger cards.